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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Long-Term Number Portability Tariff Filings Bell Atlantic Telephone Companies, Tariff F.C.C. No. 1, Transmittal 1111 NYNEX Telephone Companies, Tariff F.C.C. No. 1, Transmittal 539	CC Docket No. 95-116

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OPPOSITION OF BELL ATLANTIC

When stripped of its rhetoric and complaints about tariffs filed by other carriers, AT&T's petition raises three issues about Bell Atlantic's[1] number portability surcharge tariff submission. None of them creates any substantial question concerning the legality of the rate Bell Atlantic proposes to charge or supports rejection or suspension of the tariff. AT&T's petition should be rejected.

First, Bell Atlantic's D&J provided detailed justification of each one of the OSS modifications Bell Atlantic made to provide number portability.[2] AT&T does not disagree or find fault with Bell Atlantic's factual presentation. Instead, AT&T merely regurgitates a generic discussion of OSSs and concludes that "a significant number" of the OSS modifications (which it

[1] The Bell Atlantic telephone companies are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; Bell Atlantic-West Virginia, Inc.; New York Telephone Company and New England Telephone and Telegraph Company.

[2] D&J App. A.

does not identify) "plainly do not directly support the provision of number portability."[3] Conclusory pleading of this sort cannot be the basis of a tariff rejection or suspension.

In particular, AT&T suggests that Bell Atlantic's submission is defective because it fails to include the information the Commission requested in a *Designation Order* relating to other carriers' tariffs.[4] AT&T is wrong for two reasons. First, if AT&T had bothered to read Bell Atlantic's submission, it would have seen that Bell Atlantic, in fact, provided almost all the information referred to in that order.[5] Second, of course, in preparing its tariff submission, Bell Atlantic followed the requirements established by the Commission and the Bureau in two orders issued last year, and it cannot be grounds to reject Bell Atlantic's tariff that it did not provide additional information as well.

Second, Bell Atlantic's D&J explained why it is entitled to recover the cost of advancing the replacement of three 1A switches.[6] If Bell Atlantic had not replaced these switches, it could not reliably have provided number portability.

Bell Atlantic is not attempting to recover the entire cost of the replacement switches — merely the cost of money (almost $2.6 million) of incurring these expenses earlier than we would have absent the number portability requirement.

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[3] AT&T at 5.

[4] AT&T at 6.

[5] Bell Atlantic provided an explanation of how each OSS modification relates to performing queries, an explanation of how each OSS modification relates to porting numbers between carriers, an explanation of how each OSS modification relates to any other number portability function, the basis for cost allocations between number portability and non-number portability services, and the basis for cost allocations among number portability services. All that Bell Atlantic did not do was to provide a cost figure for each OSS.

[6] D&J § 4.6.

The facts are as follows: Bell Atlantic had three 1A switches that were scheduled for replacement between April 1998 and May 1999. These switches were already operating at processor occupancies of 90 percent or more, in excess of the normal engineering limit of 80 percent. The added load of number portability — estimated by the manufacturer to be an additional six percent — would have completely exhausted two of the switches (Plaza Trail and Springfield) and brought the third (Jefferson) close to complete exhaust.[7] There was no way to buy additional processors or bigger processors for these switches.

There is a feature that permits 1A processors to access memory faster, thereby increasing the capacity of the switch. This feature had already been installed in the Plaza Trail switch, and Bell Atlantic, therefore, had no choice other than to replace that switch in order to provide number portability. Installation of a replacement for this switch had to be advanced by almost a year, and more than half of the advancement cost that Bell Atlantic seeks to recover is for this switch.

As to the other two switches, Bell Atlantic could have installed this feature, but Bell Atlantic still would not have been sure that the switch would have been able to handle number portability loads. The only thing Bell Atlantic could do to ensure that service quality did not suffer when number portability was introduced was to replace these switches.

Third, AT&T called Bell Atlantic's attention to the fact that the federal tax figure on Bell Atlantic's Chart 2b looked too high. Upon review, Bell Atlantic determined that the number is

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[7] It is important to note that this six percent was just the manufacturer's best estimate — when it was given, long-term number portability had never been commercially provided anywhere, and nobody really knew for sure what effect it would have. For this reason, Bell Atlantic could not be sure that the Jefferson switch would not be exhausted as well.

correct, but that it is incorrectly labeled. Instead of representing just federal tax costs, it includes both federal and state income tax expenses. A revised Chart 2b is attached.

Respectfully submitted,

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Bell Atlantic
Service Provider Number Portability (SPNP) Surcharge
Summary of Costs

	BOY 1999	1999	2000	2001	2002	2003
CAPITAL COSTS	$143,199,000	$19,628,700	$1,922,000	$1,922,000	$1,922,000	$1,922,000
PRESENT WORTH FACTORS	1.0000	0.9481	0.8522	0.7660	0.6886	0.6189
PRESENT WORTH INVESTMENTS	$143,199,000	$18,609,970	$1,637,928	$1,472,252	$1,323,489	$1,189,526
SUM OF P/W INVESTMENTS		$167,432,166				
Depreciation		$35,177,498				
Cost of Money		$11,184,469				
Taxes						
- federal and state income		$5,357,829				
- property		$1,038,079				
Maintenance & Administration		$15,403,759				
ANNUAL CAPITAL COSTS		$68,161,634				
OPERATING EXPENSES	$ 182,676,400	$ 18,300,400	$ 13,064,200	$ 13,559,000	$ 14,359,700	$ 16,596,000
PRESENT WORTH FACTOR	1.0000	0.9481	0.8522	0.7660	0.6886	0.6189
PRESENT WORTH EXPENSES	$ 182,676,400	$17,350,609	$11,133,311	$10,386,194	$9,888,089	$10,271,264
SUM OF P/W EXPENSES		$241,705,868				
A/P FACTOR		0.27230				
ANNUAL OPERATING EXPENSES		$65,816,508				
ANNUAL CAPITAL COSTS AND OPERATING EXPENSES		$133,978,142				
SURCHARGE DEMAND		50,083,935				
ANNUAL DIRECT COST PER LINE		$2.68				
OVERHEAD FACTOR		1.064				
TOTAL ANNUAL SPNP SURCHARGE		$2.85				
MONTHLY SPNP SURCHARGE		$0.24				